

## SUBCOMMITTEE NO. 4

## Agenda

Joseph Dunn, Chair  
Dick Ackerman  
Denise Moreno Ducheny



Wednesday, March 10, 2004  
1:30 p.m.  
Room 3191

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### Proposed Consent Calendar

0160	Legislative Counsel Bureau
8380	Department of Personnel Administration
1111	Department of Consumer Affairs-Bureaus, Programs and Divisions
	Arbitration Certification
	Bureau of Automotive Repair
	Bureau for Electronic & Appliance Repair
	State Board of Barbering and Cosmetology
	Hearing Aid Dispensers Bureau
	Bureau of Home Furnishings and Thermal Insulation
	Bureau for Private Postsecondary and Vocational Education
	Security and Investigative Services Bureau
	Telephone Medical Advice Services Program
1110	Department of Consumer Affairs-Regulatory Boards
	Veterinary Medical Board
	Board of Chiropractic Examiners
	Board of Pilot Commissioners of San Francisco, San Pablo, and Suisun
	Commission on State Government Organization and Economy
	Commission on the Status of Women
	California Board of Accountancy
	Acupuncture Board
	Board of Architectural Examiners
	Board of Behavioral Sciences

Court Reporters Board of California  
Board of Dentistry  
Board for Geologists and Geophysicists  
Board of Guide Dogs for the Blind  
Medical Board of California  
Board of Occupational Therapy  
Board of Optometry  
Osteopathic Medical Board  
Board of Pharmacy  
Physical Therapy Board  
Physicians Assistant Committee  
Board of Podiatric Medicine  
Board of Registered Nursing  
Respiratory Care Board  
Speech-Language Pathology and Audiology Board  
Structural Pest Control Board  
Board of Vocational Nurse and Psychiatric Technician Examiners

**Control Sections**

1.00	Citation
1.50	Intent and Format
3.00	Defines Purposes of Appropriations
8.00	Antiterrorism Federal Reimbursements
13.00	Legislative Counsel Bureau
14.00	Special Fund Loans Between Boards
28.50	Agency Reimbursement Payments
29.00	Personnel-Year Estimates
30.00	Continuous Appropriations
31.00	Administrative Procedures for Salaries and Wages
32.00	Prohibits Excess Expenditures
33.00	Item Veto Severability
34.00	Constitutional Severability
36.00	Usual and Current Expenses
37.00	Urgency Clause

## Proposed Consent Calendar

**Staff Recommendation:** No issues have been raised with any items on the proposed consent calendar. Staff recommends the subcommittee approve all items on the consent calendar.

**Vote:**

## 0510 Secretary for State and Consumer Services

The State and Consumer Services Agency brings together a diverse array of State departments which include: the California Science Center, the California African American Museum, the Department of Consumer Affairs, the Department of Fair Employment and Housing, the Fair Employment and Housing Commission, the Franchise Tax Board, the Department of General Services, the State Personnel Board, the Public Employees' Retirement System, the State Teachers' Retirement System, and the Building Standards Commission. In addition, within the Agency is the Office of the Insurance Advisor which provides expertise to the Governor on insurance-related issues including legislative bill analysis, constituent services and the development of policy initiatives.

### Issue

#### ***LAO Option– Reduce General Fund Support to the Secretary's Office***

As part of an overall proposal to reduce General Fund support for various agency secretaries, the LAO recommends the subcommittee reduce the State and Consumer Services Agency Secretary by \$700,000. This proposal would reduce the Secretary's budget by 53 percent.

**Staff Comments:** The LAO should provide further detail regarding the effects of this proposal. The LAO should specify which positions and/or programs will be affected by the proposed reduction.

**Staff Recommendation:** Staff recommends the subcommittee withhold action on the LAO's proposal at this time. The subcommittee may wish to consider revisiting this item at a later date, or adding this proposal to a potential savings list.

## 0650 Office of Planning and Research

The Office of Planning and Research (OPR) assists the Administration in planning, research, and liaison with local government. OPR oversees programs for small business advocacy, rural policy, environmental justice, and helps implement decisions made within the Administration. In addition, the office has responsibilities pertaining to California Environmental Quality Act assistance, environmental and federal project review procedures, and oversees the Governor's Office on Service and Volunteerism, which administers the California AmeriCorps program.

***LAO Option –Eliminate the Office of Planning and Research, a savings of \$4.3 million in General Fund.***

As part of the LAO's "Additional Options" list for General Fund expenditure reductions, the LAO provides an option that the subcommittee eliminate the OPR.

***Staff Comments:*** The LAO should prepare additional detail regarding the effects of this proposal, specifying what activities and programs would be eliminated and those that would be transferred to other departments.

***Staff Recommendation:*** Staff recommends the subcommittee not adopt the LAO option at this time and keep the OPR budget open. The LAO should provide further detail on the effects and cost implications of this option.

## 1110 State Athletic Commission

The Athletic Commission approves, manages, and directs all professional and amateur boxing and full-contact martial arts events. The commission protects consumers by ensuring bouts are fair and competitive while protecting the health and safety of participants.

***Staff Recommendation:*** Staff recommends the subcommittee approve the commission's budget as proposed.

**Vote:**

## 1110 Contractors State License Board

The Contractors' State License Board protects consumers by regulating the construction industry through policies that promote the health, safety and general welfare of the public in matters relating to construction.

The Board accomplishes this by:

- Ensuring that construction is performed in a safe, competent and professional manner;
- Licensing contractors and enforcing licensing laws;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so that they make informed choices.

**Staff Recommendation:** Staff recommends the subcommittee approve the commission's budget as proposed.

**Vote:**

## 1110 Cemetery and Funeral Bureau

The objectives of the Cemetery and Funeral Bureau are to ensure: 1) that only qualified applicants receive licenses to operate cemeteries, crematories or funeral establishments, or act as funeral directors, embalmers, apprentice embalmers, cremated remains disposers, cemetery managers, crematory managers, cemetery brokers or salespeople; 2) that licensees comply with applicable rules and regulations; 3) that all trust funds are appropriately managed; 4) permanence of mausoleums and columbariums; and 5) proper handling of human remains in the interest of public health.

**Staff Recommendation:** Staff recommends the subcommittee approve the commission's budget as proposed.

**Vote:**

## 8260 California Arts Council

The California Arts Council was established by Chapter 1192, Statutes of 1975. Major statutory mandates to the Council are:

1. To encourage artistic awareness, participation, and expression among the citizens of California.
2. To help independent local groups develop their own arts programs.
3. To promote the employment of artists and those skilled in crafts in both the public and private sectors.
4. To provide for the exhibition of art works in public buildings throughout California.
5. To enlist the aid of all state agencies in the task of ensuring the fullest expression of our artistic potential.

The Council consists of eleven members, nine appointed by the Governor and one each by the President pro Tempore of the Senate and the Speaker of the Assembly. The Council establishes general policy and approves program allocations.

### Issue

#### ***LAO Recommendation: Delete all General Fund Support to the Arts Council***

The Governor proposes \$3.1 million (\$1.1 million, General Fund) for the Arts Council's budget. The LAO recommends the subcommittee delete all of the council's General Fund support based on the following:

1. The council no longer offers local assistance grants.
2. The council should seek private donations.
3. A projected workload reduction beginning in the budget-year.
4. State funds are not needed for federal match requirements.

***Staff Recommendation:*** Staff recommends the subcommittee withhold action on the LAO's proposal at this time. The subcommittee may wish to consider revisiting this item at a later date, or adding this proposal to a potential savings list.

## 8855      **Bureau of State Audits**

The Bureau of State Audits (BSA) provides audits of the programs and fiscal operations of state government. Through financial, performance, and investigative audits, as well as other special studies, the State Auditor provides the Legislature, Governor, Milton Marks Commission on California State Government ("Little Hoover Commission"), and the citizens of California with objective information about the state's financial condition and the performance of state agencies and programs. The BSA was created by the enactment of Chapter 12, Statutes of 1993 (SB 37).

### Issue

#### **Reduce reserve in State Audit Fund.**

The State Audit Fund is used to fund the examining and reporting of financial statements, audits, and the administration of the Reporting of Improper Governmental Activities Act. The reserve in the State Audit Fund has grown steadily since its establishment in 1993, up to \$1.725 million today. The current reserve is 14 percent of total annual funding for the BSA.

**Staff Comments:** General statewide practice for special funds is to maintain a total reserve of approximately five percent or one month's worth of total annual funding. For 2004-05, a five percent reserve in the State Audit Fund would be \$620,000. The BSA asserts that a \$1.725 million reserve in the State Audit Fund is necessary to provide ready funds for unforeseen audits and assignments.

The BSA has never tapped their reserve close to or in excess of the proposed five percent level (\$620,000). If that were to happen, legislative processes exist to provide funding for unanticipated expenses. Furthermore, the unused funding can be transferred to provide General Fund relief.

**Staff Recommendation:** Staff recommends the subcommittee reduce the State Audit Fund to \$620,000 to establish a five percent reserve in the fund. The balance of \$1,105,000 would be transferred to the General Fund.

## Control Section 7.50      Federal Reimbursements

Control Section 7.50 is included to the 2004-05 Budget Bill to provide a mechanism to use unanticipated federal funds to reduce state expenditures. A total of \$350 million in “unclassified federal recoveries” is identified in the Governor’s Budget for this purpose. Control Section 7.50 authorizes the Director of Finance to allocate federal funds to “high priority needs” in the budget year. A 30-day review period for the Legislature is included.

### Issue

**LAO Recommendation - Control Section 7.50 should be scrutinized due to the level of discretionary authority granted to the Administration in the use of the federal funds.**

**Staff Comments:** The LAO, in their “Perspectives and Issues,” raised a concern that this process will give the Administration broad new authority to use federal funds for a purpose determined at their discretion, rather than the Legislature’s. This could result in the funding or augmentation of programs that the Legislature did not specifically intend.

The Administration’s need for this additional authority is not justified. Legislative processes already exist (e.g. special legislation) to receive federal funds for the purposes of reducing General Fund or special fund expenditures.

**Staff Recommendation:** Eliminate Control Section 7.50 in the 2004-05 budget bill.